

PASCOAG UTILITY DISTRICT
BOARD OF UTILITY COMMISSIONERS

Water and Finance Subcommittee– June 28, 2010

A meeting of the Pascoag Utility District Board of Utility Commissioners Water and Finance Subcommittee will be held on Monday, June 28, 2010 at 5:00 PM in the District office, 253 Pascoag Main Street, Pascoag, RI.

Members Present: Albert Palmisciano, Brian Choiniere and Ann Polacek

Members Absent:

Mr. Palmisciano called the meeting to order at 5:10 pm.

1. Follow up from last month's meeting regarding the water budget

Ms. Allaire stated that at the last meeting the subcommittee talked about the current allocation schedule for expenses which is 70% electric and 30% water. The subcommittee wanted to know from last month's meeting, if this was an accurate split and if the water department should be paying less. Ms. Allaire took all of the assets and the liabilities of both departments and she then came up with a

percentage for each department. The District has 7.4 million dollars in combined assets and liabilities. 5.3 million or 72% of the total makes up the electric department and 2.1 million or 28% make up the water department-this is where the 70/30 split comes from. Ms. Allaire has also talked to Pascoag's auditors and while they are comfortable with the 70/30 split, they suggested that if we wanted to look at the split even more closely we could look at each vendor separately and determine which department would be more of a liability and do an allocation for each on this basis.

In addition, Ms. Allaire looked at the split of shared services (rent and utilities) between the electric and water departments which 70% is due from electric and 30% is due from water. Rent will drop substantially this year because Pascoag no longer has to make the Bank RI loan payments because this has been paid off. Last year the total rent for the District office was just under \$198,000 (138K Electric Department and 59K Water Department). Ms. Allaire researched what the amount of square footage in Pascoag's office would cost on average to rent in this area. The estimated amount was \$18.00 per square foot. The rent for this building total would be \$75,000 to \$85,000 per year. The Water Department's rent would then be around \$2500 per month. The Water Department's allotment would drop from \$59,270 to \$36,000 per year.

Ms. Allaire asked if the subcommittee was comfortable with continuing the 70/30 split or if they wanted her to look at it line item by line item and allocate the split based on the liability of each department.

Mr. Palmisciano stated that he wanted to make sure that if they had to have a water rate increase in 2011 that it's a last resort and all other options have been examined.

Ms. Allaire also wanted to make the Board aware of the fact that the Water Department has not been able to pay the Electric Department for its' share of rent and labor at this time. It will have to be reconciled at the end of the year.

2. Water Loss

The water loss for this quarter was back up to 29%. Contributing factors include leaks on Rock Ave, Knights of Columbus, Lapham Farm Rd, Sayles Ave that were repaired, hydrant flushing on Hill Road and a house fire on Warner Lane. When Pascoag Utility District took over the hydrant assessment fee from the Pascoag Fire District it was agreed that the Pascoag Fire District would pay for anything over our average water loss. Ms. Allaire went back and found that historically the average water loss for the District was 20%, she then backed out the hydrant flushing and the repaired leaks. After those factors were looked at the Pascoag Fire District would have a \$60,000 water bill.

3. Storm Fund

Ms. Allaire stated that Pascoag had an obligation with Bank RI who holds their mortgage that they had to keep \$25,000 in a bank account that could not be touched. There is also a working cash reserves account which has \$60,000 in it that was created as a fall back account to pay day to day bills when revenue was low. The Bank of RI loan has been paid off so the \$25,000 can now be utilized. Also a few weeks ago Pascoag was hit by a damaging thunderstorm and a pad

mount transformer was damaged in the process. Pascoag had to borrow a pad mount transformer from another utility because pad mount transformers are very costly and it's not something that is typically kept in inventory for that reason. The cost of the transformer was about \$25,000. Pascoag Utility District's storm fund only contained \$11,000. The Bank RI sinking fund balance was \$31,320 and was reallocated to the storm fund. The storm fund was then a little under \$43,000. \$25,000 was then withdrawn to pay for the transformer leaving a balance of \$17,971. The goal would be to fund the storm fund up to \$50,000 by the end of the year.

4. Adjournment

Mr.Choiniere made a motion to adjourn the meeting at 5:46 PM , seconded by Ms. Polacek. The vote in favor was unanimous.

Brian Choiniere, Secretary
Board of Utility Commissioners

Desarae Downs, Recording Secretary